

# DiVall Insured Income Properties 2, L.P. Quarterly News

A Publication of The Provo Group, Inc.

November 15, 2014

## Q3 2014 Distribution will be \$2.50 per unit

The third quarter of 2014 distribution was budgeted to be about \$3.00 per unit, or \$140,000. The baseline distribution will be reduced by \$24,000 (\$.50 per unit) to \$116,000 (\$2.50 per unit) because of the costs associated with the vacant property in Des Moines, IA (formerly "Daytona's All-Sports Café").

Daytona's lease expired on May 31, 2014 and the tenant vacated without notice. We had budgeted to renew, but payment performance prior to expiration was unacceptable. Default notices were sent in April and May, and court proceedings have begun. The tenant owes DiVall \$31,116 plus court costs and legal fees. Additionally, DiVall had to purchase property insurance for \$5,600 during the third quarter and has spent \$8,000 in legal fees, \$5,000 in property taxes and \$3,600 in other property expenses (like utilities).

The Provo Group signed an agreement to sell the property in September 2014, at a sales price of \$555,000, and hopes to finalize the sale of the property no later than the first quarter of 2015.

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## Distribution Highlights...

- **\$116,000 (\$2.50 per unit)** will be distributed for the third quarter of 2014 on November 15, 2014.
- The partnership initially raised \$46,280,300 from investors in the early 1990's and after offering costs (legal, marketing, etc.), had \$39,358,468 to invest in restaurant assets. Since then, from both operations and strategic sales, the partnership has distributed \$73,441,268 to investors.

Additional financial information can be accessed...

For further Quarterly 2014 unaudited financial information, see the Partnership's interim financial reports filed on form 10-Q. A copy of these filings and other public reports can be viewed and printed free of charge at the Partnership's website at [www.divallproperties.com](http://www.divallproperties.com) or at the SEC's website at [www.sec.gov](http://www.sec.gov). The Partnership's 2013 Annual Report on Form 10-K was filed with the SEC on March 28, 2014; the report can also be accessed via the websites listed.

### FORWARD LOOKING STATEMENTS

*Forward-looking statements that were true at the time made may ultimately prove to be incorrect or false. Investors are cautioned not to place undue reliance on forward-looking statements, which reflect the Partnership's management's view only as of November 1, 2014, the date this newsletter was sent for printing and mail assembly. The Partnership undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results. Factors that could cause actual results to differ materially from any forward-looking statements made in this newsletter include changes in general economic conditions, changes in real estate conditions and markets, inability of current tenants to meet financial obligations, inability to obtain new tenants upon the expiration of existing leases, and the potential need to fund tenant improvements or other capital expenditures out of operating cash flow.*

## **QUESTIONS & ANSWERS**

❖ ***When can I expect to receive my next distribution mailing?***

Your distribution correspondence for the Fourth Quarter of 2014 is scheduled to be mailed on February 13, 2015.

❖ ***When can I expect to receive my Partnership K-1?***

According to IRS regulations, Management is not required to mail K-1's until April 15, 2014. However, 2013 K-1's were mailed in the first week March of 2014.

❖ ***What was the estimated December 31, 2013 Net Unit Value ("NUV")?***

Management has estimated the December 31, 2013 Net Unit Value of each interest of the Partnership to approximate \$340, as noted in the letter mailed to investors on February 14, 2014. Please note that the estimated year-end NUV should be adjusted (reduced) for any subsequent property sale(s) or applicable impairment write-downs during the following year. As with any valuation methodology, the General Partner's methodology is based upon a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different estimated NUV. Accordingly, with respect to the estimated NUV, the Partnership can give no assurance that:

- an investor would be able to resell his or her units at this estimated NUV;
- an investor would ultimately realize distributions per unit equal to the Partnership's estimated NUV per unit upon the liquidation of all of the Partnership's assets and settlement of its liabilities;
- the Partnership's units would trade at the estimated NUV per unit in a secondary market; or
- the methodology used to estimate the Partnership's NUV per unit would be acceptable to FINRA or under ERISA for compliance with their respective reporting requirements.

❖ ***How can I obtain hard copies of Quarterly and Annual Reports or other SEC filings?***

Please visit the Investor Relations page at the Partnership website at [www.divallproperties.com](http://www.divallproperties.com) or the SEC website at [www.sec.gov](http://www.sec.gov) to print a copy of the report(s) or contact Investor Relations.

❖ ***What is the meaning of the word "Insured" in the name of this investment?***

In the offering materials from the late 1980's, sponsored by the former general partners, there was a representation (but no "guarantee") that the Partnership would seek to insure rents from vacant properties. Although, there was some initial availability of very restrictive and limited (one year) insurance, that availability vanished in the early 1990's.

In other words, the former general partners were "fast and loose" with professing the concept of "Insured" and the next and final partnership they sold did not use the term in the investment's name.

❖ ***How do I have a question answered in the next Newsletter?***

Please e-mail your specific question to Lynette DeRose at [lderos@tpgsystems.com](mailto:lderos@tpgsystems.com) or visit the Investor Relations page at [www.divallproperties.com](http://www.divallproperties.com).

❖ ***I've moved. How do I update my account registration?***

Please mail or fax to DiVall Investor Relations a signed letter stating your new address and telephone number. Updates cannot be accepted over the telephone or via voicemail messages.

❖ ***If I have questions or comments, how can I reach DiVall Investor Relations?***

You can reach DiVall Investor Relations at the address and/or number(s) listed below.

## **CONTACT INFORMATION**

**MAIL:** DiVall Investor Relations  
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